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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 010779

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SUBJECT: PRC/SINGAPORE: LEE KUAN YEW DISCUSSES ENERGY
COOPERATION, TAIWAN WITH PRC LEADERSHIP

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Classified By: Political Minister Counselor Daniel Shields. Reasons 1.
4 (b/d).

SUMMARY

1. (C) Singapore Minister Mentor Lee Kuan Yew used his May 10-17 visit to China to urge Chinese counterparts including Premier Wen Jiabao to develop a bilateral relationship that reflects the increased role of energy security in world affairs, according to Chinese MFA Deputy Director He Wei. The two sides discussed a UAE-Singapore-China project under which the UAE will ship crude oil to Singapore for refining before the oil is shipped to China or stored in Singapore for later transport to China, Singapore Embassy Political Minister Yip Wei Kiat stated. He Wei stressed that Beijing has its own channels to Taipei and does not need Singapore to play a special cross-Straits role, but Yip said Lee briefed Wen on KMT Chairman Ma Ying-jeou's visit to Singapore. End Summary.

Lee's China Program

2. (C) MFA Asian Affairs Department Deputy Division Director He Wei, responsible for the Philippines and Singapore, briefed Poloff on Singapore Minister Mentor Lee Kuan Yew's May 10-17 visit to China at the invitation of Vice Premier Hui Liangyu. He Wei reported that Minister Lee met with Premier Wen Jiabao and Vice President Zeng Qinghong, in addition to Vice Premier Hui. During a separate meeting, Singapore Embassy Political Minister Yip Wei Kiat told Polmincouns that Lee also met with Jiang Zemin in Beijing, traveled to Shanghai to launch with former Vice Premier Li Lanqing the Chinese edition of Lee's book "Keeping My Mandarin Alive", met with Shanghai Mayor Han Zheng and visited Shenyang to meet Liaoning Party Secretary Li Keqiang.

New Circumstances for Bilateral Relationship

3. (C) Yip said the purpose of Lee's visit was to maintain contact with the Chinese leadership and to make connections between up-and-coming leaders of both countries. Six new members of the Singapore Parliament traveled with Lee and four of the six were appointed Ministers of State upon returning to Singapore. According to He Wei, Lee exchanged views with PRC leaders on a broad range of issues, including Taiwan, Sino-Singapore relations and energy cooperation. He Wei said the overall China-Singapore relationship is "good to some extent" and "moving in the right direction." (Comment:

He's somewhat cool tone may reflect lingering negative impressions in Beijing stemming from then-Deputy Prime Minister Lee Hsien Loong's December 2004 visit to Taiwan. End Comment.) He Wei said Lee wants bilateral relations to reflect the "new circumstances and situation" and this refers to the larger role that energy security and energy cooperation are playing in world affairs.

Focus on Energy

14. (C) Yip said Premier Wen and Lee agreed to cooperate on nontraditional issues, such as energy security and maritime security. They discussed a UAE-Singapore-China project under which the UAE will ship crude oil to Singapore for refining before the oil is shipped to China or stored in Singapore for later transport to China. Yip noted that the project is related to the China's efforts to build a strategic reserve, as China is able to secure guaranteed oil supply and storage in Singapore. China and Singapore are now fleshing out the details of a protocol initiated at APEC that would reduce the impact of a terrorist attack on a major node in the global supply chain. Yip said Lee discussed a China-Singapore bilateral trade agreement with Wen, describing it as a possible catalyst for China's bilateral agreements with other countries. China also asked for Singapore's help to facilitate the completion of a China-ASEAN FTA, according to Yip.

Special Role for Singapore on Cross-Strait Issues?

15. (C) On Taiwan, MFA Deputy Division Director He Wei said Lee reiterated Singapore's adherence to one-China and its strong desire to see cross-Strait relations remain quiet and stable for the benefit of the region. He Wei said Singapore has a strong interest in playing a special and active role in

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the cross-Strait relationship and is making a concerted effort to "put itself in the middle of the issue," but he added that Beijing has its own direct channels and other countries should only play positive roles that have a good effect on cross-Strait relations.

Lee Briefed Wen on Ma Ying-jeou's Singapore Visit

16. (C) Yip said Lee briefed Premier Wen on KMT Chairman Ma Ying-jeou's visit to Singapore. Ma visited the venue of the 1993 Wang-Koo talks and used a public lecture at the Lee Kuan Yew School of Public Policy to challenge Chen Shui-bian's claim that there was no "1992 consensus." If there was no consensus in 1992, then it would have not have been possible for the Wang-Koo talks to have taken place in 1993, Ma argued. Ma expressed concern about the implications for Taiwan of the fast pace of regional integration in Asia, arguing that if the kind of regional integration that excludes Taiwan moves forward, Taiwan could become marginalized, lose its attraction as an investment and trade destination and see its economy hollowed out. Ma will not rule out reunification as a possible solution to cross-Strait problems, but said he is in no hurry for reunification and the question can be left for future generations, Lee told Wen. RANDT